

CONFIDENTIAL



CIA/RR CB 65-39
July 1965

Copy No. 184

INTELLIGENCE BRIEF

INCREASED IMPORTANCE OF WESTERN EUROPEAN COUNTRIES
IN THE DEVELOPMENT OF TELECOMMUNICATIONS IN RUMANIA

DIRECTORATE OF INTELLIGENCE

Office of Research and Reports

CONFIDENTIAL

GROUP 1
Excluded from automatic
downgrading and
declassification

W A R N I N G

This material contains information affecting the National Defense of the United States within the meaning of the espionage laws, Title 18, USC, Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

85X1

Approved For Release 2002/05/07 : CIA-RDP79T01003A002300120001-2

Next 1 Page(s) In Document Exempt

Approved For Release 2002/05/07 : CIA-RDP79T01003A002300120001-2

INCREASED IMPORTANCE OF WESTERN EUROPEAN COUNTRIES
IN THE DEVELOPMENT OF TELECOMMUNICATIONS IN RUMANIA

In its quest to develop a modern telecommunications system and to broaden its telecommunications production base, Rumania has turned to countries of Western Europe, particularly Belgium and France, for modern equipment and technology. Since the beginning of 1964, Rumania has contracted to purchase more than \$16 million of telecommunications equipment and technology from Western European firms and has reached an advanced stage of negotiations for the purchase of an additional \$15 million. This high level of activity contrasts sharply with that of recent years, which has averaged an estimated \$1 million per year since 1958.

1. Purchases from Western Europe

A Belgian firm, Bell Telephone Manufacturing Company of Antwerp (BTM), a wholly owned subsidiary of the International Telephone and Telegraph Company (ITT), has occupied a dominant position in recent dealings with Rumania. In 1965 a contract valued at \$10 million -- to be financed in part by a 7-year credit at 6.5 percent interest -- was concluded for the modernization of the Rumanian telephone system. Items specified in the contract thus far include two 5,000-line exchanges for Bucharest and a number of smaller exchanges for 12 other cities, all employing modern, automatic crossbar switching techniques. The contract also provides for the establishment of a plant that will have an annual capacity by 1970 of 100,000 lines of crossbar exchange equipment. This output will contribute greatly to the attainment of the Rumanian goal of adding nearly 2 million telephone subscribers by 1980.

This contemplated increase in telephone subscribers will generate requirements for a sizable expansion of interurban circuit capacity. Consequently, since 1962, Rumania has been negotiating with BTM for carrier-frequency multiplex equipment. These negotiations already have culminated in the purchase of six 60-channel carrier systems to equip the Brasov-Sibiu multiconductor cable line. Furthermore, discussions are in the final stages for the purchase of 300 additional units valued at \$15 million so as to establish a nationwide high-capacity transmission base. At the same time, Rumania has indicated a desire to obtain from BTM the technology necessary to produce carrier equipment in the future.

French telecommunications firms also have been active in recent sales to Rumania, accounting for an aggregate of about \$6 million since the beginning of 1964. Included in these orders is cabling machinery valued at \$3.8 million purchased in 1964 from the Cegeler firm. This machinery

has the capability to produce 3,300 miles of communications cable annually and should enable Rumania to meet most of its future communications cable requirements by domestic production. Another contract, valued at about \$2 million, was concluded with the French firm of Compagnie Francaise Thomson-Houston in 1965 for a 1,200-kilowatt, long-wave radiobroadcasting transmitter. This transmitter is intended for installation near Brasov, probably in 1967. When completed it will represent the most powerful long-wave radiobroadcasting facility in Eastern Europe. As such, its emissions will blanket all of Rumania as well as contiguous areas in Bulgaria, Hungary, Yugoslavia, and the USSR.

A number of other Western European firms, including British, Danish, Dutch, Italian, Swedish, and West German firms, have been active in seeking to sell telecommunications items to Rumania. Although contracts with these firms since the beginning of 1964 generally have been limited, there has been a noticeable heightening in their competition to supply various types of telecommunications equipment and technology.

2. Implications of These Purchases

The body of available evidence underscores the fact that Rumania is turning to the West to meet its long-term telecommunications expansion goals. It also is apparent that the Belgium subsidiary of ITT is assuming a dominant role in the proposed expansion of the Rumanian telephone system, reflecting not only its ability to provide needed equipment but also the company's preeminent position in the operation of the Rumanian telephone system prior to World War II.

This course of action undoubtedly has been prompted by the inability of Communist sources to supply many of Rumania's telecommunications equipment needs. For example, interest in the acquisition of Western carrier equipment was heightened in 1962 when the USSR was unable to meet its commitment to equip the broadband "Vesna" microwave system exported to Rumania. There also are indications that a major factor affecting Rumania's decision to purchase telephone exchange equipment from the West has been dissatisfaction with the quality of telephone exchange equipment purchased from Hungary, one of the major Bloc suppliers of such equipment.

Perhaps an even more important contributing factor in Rumanian advances to Western firms has been the demonstrated willingness and ability of these firms to provide production plants and related technology. These are of special importance to Rumania in its quest to develop a modern telecommunications system and at the same time to overcome its present dependence on external sources for most of its telecommunications equipment needs.

25X1

Approved For Release 2002/05/07 : CIA-RDP79T01003A002300120001-2

Approved For Release 2002/05/07 : CIA-RDP79T01003A002300120001-2

Approved For Release 2002/05/07 : CIA-RDP79T01003A002300120001-2

CONFIDENTIAL

Approved For Release 2002/05/07 : CIA-RDP79T01003A002300120001-2

CONFIDENTIAL

25X1

Approved For Release 2002/05/07 : CIA-RDP79T01003A002300120001-2

Next 4 Page(s) In Document Exempt

Approved For Release 2002/05/07 : CIA-RDP79T01003A002300120001-2